

CROWDFUNDING

**“Exploring the link between projects and
reward mechanisms”**

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ABSTRACT

CROWDFUNDING: EXPLORING THE LINK BETWEEN PROJECTS AND REWARD MECHANISMS

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Crowdfunding is a recent organizational phenomenon for which there is little academic research. More than just offering a categorization of the crowdfunding reality, the aim of this study is to unveil the ways in which projects and rewards are linked across the global crowdfunding scenario.

For the purpose of this study, several crowdfunding platforms were reviewed, with the focus of analyzing project characteristics such as *owners*, *type* and *intent* and finding a connection between the referred variables and the reward schemes which were commonly associated with them.

The findings pointed out significant differences and clear reward preferences among the different project owners' profiles and even among the different types of projects categories present in the crowdfunding platforms.

Ultimately, the reader will be able to understand the links between project features and reward mechanisms and how they play out in the crowdfunding scenario. Moreover, they will be able to identify what type of rewards they may expect from a specific project type. This can be of great relevance for seekers and backers, since it clarifies what rewards a platform will offer taking into account the projects it promotes. So when seekers' are looking for a specific platform to post their projects, they will be able to know that they will have to offer a certain type of reward. Same way for backers, if they want to receive a specific reward they will be able to know where to find it just from the types of projects that the platform hosts.

Keywords: Crowdfunding; Projects; Reward mechanisms

PREFACE

My goal was always to diversify my academic background as much as possible. I started by graduating in Economics and then I decided to do my Masters in Management, since I felt it was important to deepen my knowledge in more business areas. Soon I had my first contact with courses like marketing, strategy, international management and entrepreneurship. However, after finishing my academic path I realized there was still one significant gap: I have never had contact with courses related with business innovation.

So, doing my thesis in a matter related with Innovation was a natural choice for me, as it was the chance I had to learn more about this topic and the impacts that it can have in business.

By that time, I already had been a student of Professor Andrei Villarroel and I knew that he was the one with the deepest knowledge and interest in the subject of innovation. Thus, given my interest in discovering this new topic of business I realized that this would be the right choice for me. So, after taking all of this into consideration I decided to join his dissertation seminar - *New Business Models for Online Distributed Organization*.

In one of the seminars presented by Professor Andrei Villarroel I was introduced to a new topic which I had never heard about before: *crowdfunding*, a recent phenomenon that for sure was going to change the way the world would see innovation supported by “the power of the crowd”, by contrast to traditional support through institutional mechanisms such as venture capital organizations or banks. As soon as I started reading about this subject I felt compelled to discover more about this promising and still much unknown topic.

I wanted to be a part of this phenomenon. That is why I decided to contribute with this study in order to promote and to further develop the comprehension of this new crowdfunding reality.

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I. INTRODUCTION

In August 2012, Indiegogo, a well-known crowdfunding platform, launched a new Project: **Let's Build a Goddamn Tesla Museum**¹. In the beginning no one expected this project to be successful. However almost a year after its launch, this was one of the most thriving crowdfunding campaigns of all time. The goal was to raise enough money to create a museum in honor of Nikola Tesla. The initial aim was to gather enough funds to buy the WanderClyffe Tower, where Tesla used to work; the target of the campaign was \$850.000. However, thanks to 33'253 supporters, the objective was exceeded. When the campaign ended, project owner, Matthew Inman, had raised \$1.370.461.

Crowdfunding is still a recent topic in our society; however an estimated 2 million projects have reportedly been crowdfunded in the last two years *"The 2012 worldwide crowdfunding volume reached \$2.7bn raised from over 1mcampaigns. Worldwide crowdfunding volumes grew 81% in 2012, which is an acceleration from the 64% growth in 2011"*² offering solid evidence that it is in fact a good alternative to the traditional funding channels.

The aim of this study is to explore the relation between projects and reward mechanisms, by this, we intend to analyze what type of projects are in today's crowdfunding platforms and what rewards should one expect from the different kinds of projects. These insights will serve as guiding lines for the future seekers and funders of crowdfunding. They will be able to understand what rewards are more suited for certain project types and moreover, what types of rewards they can expect from a specific project type, and hence look for the specific platform that offers the best match for them.

The structure of this paper is split into six sections. The first one contains a brief review of the existent literature in crowdfunding. Following there is a definition of the hypothesis and of the methodology used for the purpose of this analysis. After this, the results and conclusions are presented. Finally, limitations and future research for this topic are addressed.

¹ Appendix 1: Project: Let's Build a Goddamn Tesla Museum

² Massolution, 2013CF – The Crowdfunding Industry Report

II. LITERATURE REVIEW

In just five words O'Reilly, T. (2007) was able to describe the concept of Web 2.0: "The web as a platform". This was the first definition ever presented for this new era of the Web, a new concept that is a clear representation of how technological innovation changed the way the World Wide Web is used and perceived (Kleemann & Voß 2008).

Kleemann & Voß (2008) went a bit further in the interpretation of this concept and referred to the Web 2.0 as "a shorthand term for new internet applications that make two-way communication easier to manage". So, the clear innovation was not simply technological or organizational, but rather mainly related with the way the Web is now seen. In the last five years, the Web became interactive, the role of its users changed, they went from being passive to being highly active, in the words of Kleemann & Voß (2008) "In Web 2.0, users need not be mere recipients of media content but can actively take part in its production through activities like blogging, uploading photos and videos, etc.". The Web evolved into a collaborative structure.

Web 2.0 emerged as an enabler for a new world of opportunities, since users were now proactive, interactivity and collaboration became the keywords for this new World Wide Web. This gave a whole new sense to the already existing concept of *collective Intelligence* (Lévy 1997) which states that "no one knows everything, everyone knows something, and all knowledge resides in humanity", this is a clear illustration of how shared knowledge and cooperation can have a significant impact in all areas of business.

Collective intelligence was seen by Lévy as the result of the collaboration and competition between individuals, pools of people sharing concepts and ideas and working towards the enhancement of common knowledge. However, by that time, this concept was rather static, since it did not have the means to spread rapidly due to communication difficulties.

Web 2.0 came and augmented this concept, by working as an enabler of shared information, through the creation of endless communication means and possibilities. Networks of people sharing common interests emerged and anyone was able to create

content and upload it to the web, the rise of blogging was one of the most relevant differences (O'Reilly, T. 2007).

All this was key in the emergence of open innovation. Companies started to realize the potential of this new concept and started to rethinking how they could take advantage of the market and become more competitive by exploring and integrating services provided by others via the web (O'Reilly, T. 2007; Villarroel 2008 "Open source corporate strategy: unveiling the firm's open sources of competitive advantage").

Chesbrough, H. W. (2003) had a clear vision on how companies could profit from this new era:

“Innovators must integrate their ideas, expertise and skills with those of others outside the organization to deliver the result to the marketplace, using the most effective means possible. In short, firms that can harness outside ideas to advance their own businesses while leveraging their internal ideas outside their current operations will likely thrive in this new era of open innovation “ (Chesbrough, H. W. (2003): 41, 7p).

From this web revolution one could take an essential lesson, “Network effects from user contributions are the key to market dominance in the Web 2.0 era” (O'Reilly, T. 2007).

2.1) Crowdsourcing

Crowdsourcing has become a well known concept. It helped revolutionizing the world as we see it today and it has had a major impact in several different areas of business.

One of the most well known products of “the open call” is Wikipedia. Created in 2001, it now ranks number sixth on the top visited websites, according to Alexa. The free-encyclopedia has more than 23 million articles and editions in 285 languages, with an estimated 365 million readers worldwide. Wikipedia is the product of the pooled knowledge of a worldwide community and is a clear representation of how much value

crowdsourcing can create (Villarroel 2013, The Competitive Advantage of Crowdsourcing).

A complete definition of this concept was provided by Kleemann et al. (2008):

“Crowdsourcing takes place when a profit oriented firm outsources specific tasks essential for the making or sale of its product to the general public (the crowd) in the form of an open call over the Internet, with the intention of animating individuals to make a [voluntary] contribution to the firm's production process for free or for significantly less than that contribution is worth to the firm.”

The hype of crowdsourcing was rushed by the advent of the Web 2.0, which enabled users to interact, connect and easily share data with each other, thus acting as a facilitator for the share of knowledge (Brabham et al. 2008).

One can also state that crowdsourcing revolutionized the role of the consumer. Furthermore, crowdsourcing allowed for consumer integration, causing people with no relation to a specific firm to work for it, most of the times without any type of payment while still highly enthusiastic to participate (Kleemann et al. 2008, Villarroel 2008:Chapter 4; Villarroel and Tucci 2009 “Motivating firm-sponsored e-collective work”).

“If one million people participated in Duolingo, Luis von Ahn predicts they could translate every English-language page of Wikipedia into Spanish in just 80 hours.” (Savage, 2012).

This statement reflects once again the immense potential of crowdsourcing, it proves to be efficient, fast and cheap and it becomes clear why enterprises are so interested in it.

In their study Kleemann et al. (2008) stated that:

“Companies make use of the crowd mainly for cost-reduction reasons. By participating in the product design and improvement, users contribute to creating value for the company. Moreover, this allows the company to reduce the length of new product

development as well as its costs, have a better customer acceptance, and increase the customers' perception of product newness."

2.2) Crowdfunding

Crowdfunding emerged from the broader concept of crowdsourcing. These two concepts share the same mechanics, since they both take advantage of the "crowd" in order to accomplish their goals. However, they intend to satisfy different aims. While crowdsourcing is directed towards the share of knowledge, crowdfunding's ultimate purpose is oriented towards the share of funds.

A first definition of crowdfunding was given by Lambert and Schwienbacher (2010), who described crowdfunding as "an open call, essentially through the Internet, for the provision of financial resources either in form of donation or in exchange for some form of reward and/or voting rights in order to support initiatives for specific purposes".

So, the main principle to retain from the crowdfunding phenomenon is that it proposes to offer an efficient new way of funding for individuals and enterprises. In the words of (Belleflamme, Lambert, & Schwienbacher, 2011): " instead of raising the money from a very small group of sophisticated investors, the idea of crowdfunding is to obtain it from a large audience (the "crowd"), where each individual will provide a very small amount. "

This new type of funding occurs without any intermediary. Enterprises use the internet to "tap into the crowd" and raise money directly from the individuals (Larralde 2010).

Crowdfunding would not have been possible without Web 2.0. This new web era introduced some new capabilities and features, mainly related to social networking. All these new features became key in providing an environment for the development of viral networking, which was an essential requirement for crowdfunding to develop in a sustainable way (Hemer, 2011).

In their work, Belleflamme & Lambert, (2010) described crowdfunding as a peculiar form of funding, where customers assume a new role and started acting as investors.

“Crowdfunding is a peculiar form of funding, with customers as investors. The data revealed that large shares of crowdfunding initiatives are based on passive investments, i.e., investments with a promise of compensation but no direct involvement in the decision-making process, or provision of time or expertise for the initiative.” (Belleflamme & Lambert 2010)

Enterprises soon realized that crowdfunding could be extremely efficient and notably cheaper when compared to other types of funding. Since crowdfunding platforms are online based, there is a significant reduction of the usual market inefficiencies, which in turn also lowers significantly the communication costs normally associated with money transactions. (Agrawal, Catalini, & Goldfarb, 2011)

This is not the only advantage that companies and individuals can take from crowdfunding. In Belleflamme & Lambert, (2010) research they proved that “crowdfunding may also help firms in testing, promoting and marketing their products, in gaining a better knowledge of their consumers’ tastes, or in creating new products or services altogether.”

In Gerber, Hui, & Kuo (2009) study they also proved that creators are highly motivated to post their projects on a crowdfunding platform. Their motivation comes from the feeling of belonging to a community, the need to satisfy their desire for approval and the necessity to maintain control of their work.

In the beginning, crowdfunding applications were mainly devoted to the area of social projects, since funders by that time felt more prone to invest in causes and did not see crowdfunding as a way to make a profit. However, as time passed and crowdfunding gained more recognition, this reality started changing and crowdfunding has to this date successfully funded thousands of projects became widely accepted by the business communities. (Hemer, 2011)

Finally, crowdfunding represents much more than a simple source of capital. It is a well documented fact that one of the strongest advantages of recurring to this type of

funding is the visibility and publicity that the project will ultimately attract (Kleemann et al., 2008).

“It is a unique way to validate original ideas in front of a specifically targeted audience. This may in turn provide insights into market potential of the product or service offered. From this perspective, crowdfunding may be viewed as a broader concept than purely raising funds: it is a way to develop corporate activities through the process of fundraising.” (Kleemann et al. 2008)

2.3) The new role of consumers

In the past, the role of consumers was limited to buying and using the products, however with the emergence of the new Web era, consumers gained a significant importance in the different steps of the production process. In the words of Kleemann & Voß (2008):

“Consumers now are becoming more like co-workers who take over specific parts of a production process, whereby this process ultimately remains under the control of a commercial enterprise”

Internet has played an important role in reinforcing the cooperation between companies and consumers. The role of consumers has evolved to a point in which it includes investment support. They are no longer passive players; rather they are active participants in the production process. (Ordanini, Miceli, Pizzetti, & Parasuraman, 2011)

“The idea that some people may decide to pay for producing and promoting a product (instead of buying it), and bear the risk associated with that decision, represents a further step in the evolution of consumers’ roles, that involves a mix of entrepreneurship and social network participation” (Ordanini, Miceli, Pizzetti, & Parasuraman, 2011)

The graph below depicts the clear evolution of the roles of the consumers over the years:

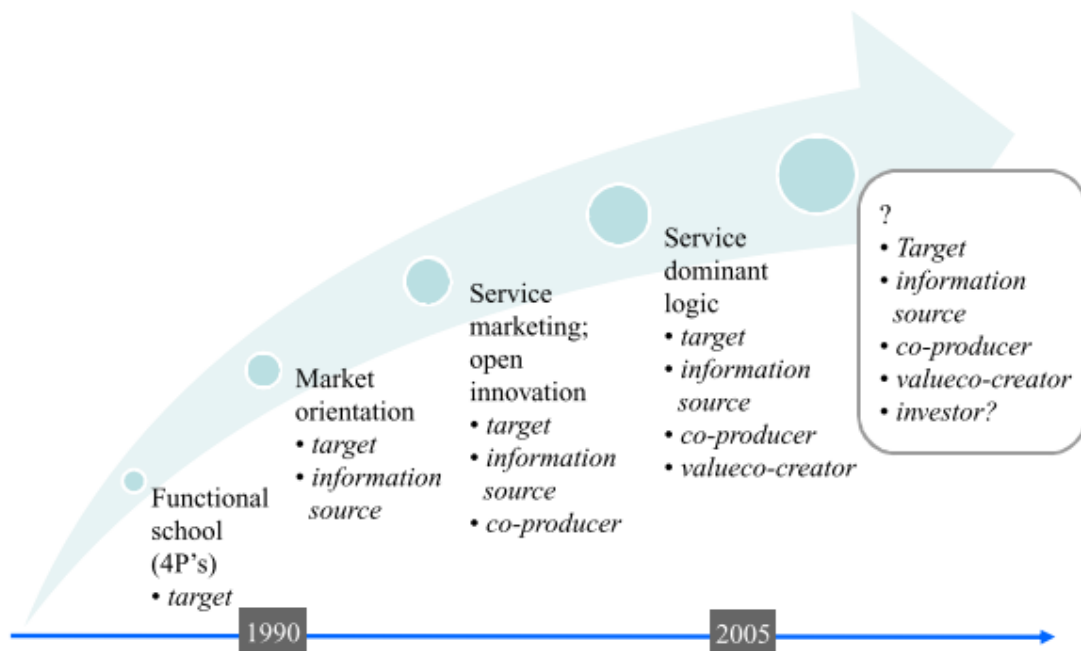


Figure A: “The emerging role of consumers as investors” (Ordanini et al. 2011)

III. RESEARCH HYPOTHESES

The aim of this study is to expose the links between project features (*project owners*, *project intent* and *project type*) and reward mechanisms.

Ultimately, the reader will be able to understand what rewards should be expected from specific projects as well as what kind of rewards project owners usually offer to their funders and all through the match of project features and rewards present in the crowdfunding platforms.

Thus I aim to test the following hypothesis:

Hypothesis 1: The project owners' profile present in the platforms impacts the preferred reward schemes offered by it, in other words, platforms with different project owners favor different reward mechanisms

The aim of this hypothesis is to test that the profile of the project owner in the crowdfunding platform will ultimately have a direct impact on the reward scheme offered in that platform. We have different levels of complexity for the rewards offered to the funders and project owners take that into account when choosing which rewards to offer to their supporters.

H1.A: Platforms with project owners' *individuals* offer rewards such as *prizes*.

This type of reward is the simplest one to offer and moreover, it is the one that requires the least amount of investment, given that it can be as simple as a thank you note. Thus, it might be attractive for individuals who normally are shorter on capital.

H1.B: Platforms with Project owners' *start-ups* offer rewards such as *equity*.

Normally their projects will need a higher amount of investment, so they will have to give more attractive rewards to their funders.

Hypothesis 2: The nature of the projects present in crowdfunding platforms result in different patterns of reward mechanisms for funders

Currently, it is still unknown whether the nature of the projects that the platform hosts is somehow linked to the rewards the platform offers. In the process of proving this hypothesis, the existence of such patterns shall be identified and analyzed in full detail, providing the readers of this study with valuable references as to what types of rewards should be expected from platforms that host certain project types. These shall be pivotal in guiding the funder in the process of identifying what types of projects and what platforms he should look for when looking for a specific type of reward.

H2.A: Platforms with *Creative* projects offer *prizes* as rewards. Creative projects include the elaboration of films and music albums, so it may be expected that this project type will offer *prizes* as rewards, since the reward offered can be the final product itself.

IV. METHODOLOGY

To perform a clear representation of the relation between project features and reward mechanisms, we analyzed all crowdfunding platforms worldwide. During our research we tried to make our analysis as accurate as possible, by segmenting and targeting the most relevant crowdfunding platforms for our study³.

This information was not readily available; so much of our analysis was made through direct observation of the platforms.

Figure B offers a simple representation of how our study was conducted and what information we looked for when we performed this analysis. On a first level we analyzed all the platform characteristics. Secondly we focused only in project features and then finally we look into the reward schemes associated with them.

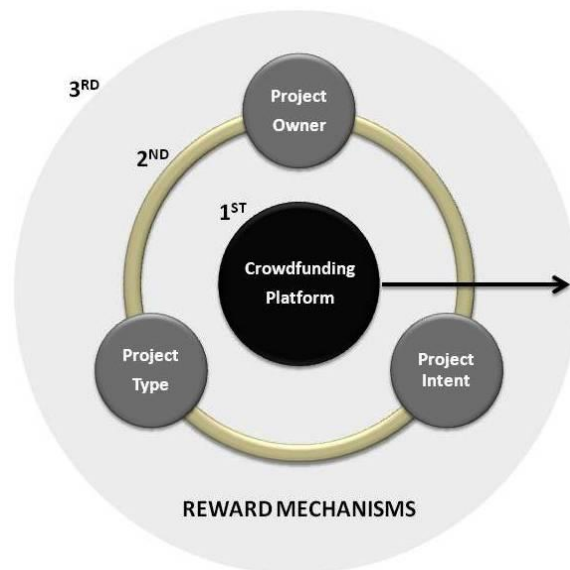


FIGURE B – Analysis scheme

4.1) Variables description

During the elaboration of this study, a database with 390 platforms analyzed across a range of 95 variables was created. The coding for these variables was mainly inspired by the paper of Thomas Malone's *The Collective Intelligence Genome* (Malone et al. 2010) and the templates we received from Prof. Villarroel, which gave us a first insight on how we should structure our database.

For the purpose of this particular study, I focus on the variables associated with Projects and Reward types, depicted on Table 1 and described next.

³ Appendix 2 – Data collection and Summary statistics

Table 1: Study focus - variables

Project Owners	Individual
	Start-up
	Established company
	NGO
Project Intent	Product/service
	New firm Creation
	Cause
Project type	Science
	Consumer product
	TMT
	Causes
	Others
	Creative
	Prizes
Rewards	Equity
	Interests
	Revenue

PROJECTS

a) Project Owners

After doing a thorough analysis of the platforms, it was possible to identify four different profiles of project owners: individual, start-up, established company and Non-profit Organization (NGO).

- Individual: The owner of the crowdfunding project is an individual or a group of individuals, without constituting any sort of organization.
- Start-up: The owner of the crowdfunding project is a start-up, a recently established company with high growth potential.
- Established company: The owner of the crowdfunding project is any company other than start-ups.
- NGO: The owner of the crowdfunding project is a not-for-profit organization.

Table 2: Distribution of Project Owners

Variable	N	% of total
Individuals	253	75%
Start-ups	94	28%
Established Company	72	21%
NGO'S	144	43%

*N = 336, only “alive” platforms were considered

* Crowdfunding platforms can allow more than one type of project owner.

From the analysis of the **Table 2** we can see that *individuals* are the most common type of project owners, representing a total of 75% of the sample. On the other hand *Established companies* are the least common type of project owners, representing only 21% of the sample.

b) Project Intent

Being an internet phenomenon crowdfunding is naturally suitable for many kinds of projects. In order to study them in further detail, it was necessary to identify certain patterns of similarities among these projects, so it would be possible to divide them into categories.

After this analysis we were able to identify three major project intents: *Product/service, New firm creation and Cause*⁶.

- Product/service: The Crowdfunding platform allows for their project owners to post projects with the goal of creating a new product or service.
- New firm creation: The Crowdfunding platform allows for their project owners to post projects with the goal of creating a new firm.
- Cause: The Crowdfunding platform allows for their project owners to post projects with the goal of raising funds to support a cause.

⁶ Appendix 3 – Decision tree Project Intent and Project type

Table 3: Distribution of Project Intent

Variable	N	% of total
Product/service	181	54%
New firm Creation	91	27%
Cause	169	50%

*N = 336, only “alive” platforms were considered

* Crowdfunding platforms can allow more than one type of project intent.

From **Table 3** one can see that the most common project intent is *Product and Service*, closely followed by *Cause*, both representing 54% and 50% of the sample respectively. Less representative than the categories stated before is *New firm Creation*, a category present in only 91 platforms out of a total of 336.

c) Project types

A second level of categories comprises projects with a higher level of similarity between them. Five distinct project types were identified: *Creative*, *Science*, *Consumer products and retail*, *TMT (tech, media, and telecom)*, *Causes*.⁷

- Creative: The Crowdfunding platform allows for their project owners to post projects with artistic and creative purposes.
- Science: The Crowdfunding platform allows for their project owners to post projects with scientific purposes (includes all kinds of projects related with scientific discoveries or developments)
- Consumer products and retail: The Crowdfunding platform allows for their project owners to post projects with the purpose of launching a new consumer good.
- TMT: The Crowdfunding platform allows for their project owners to post projects related with technology, media or telecom [includes all projects related with new technologies, media and telecom (telecommunication products or new developments)]

⁷ Appendix 3 – Decision tree Project Intent and Project type

- **Causes:** The Crowdfunding platform allows for their project owners to post projects with the purpose of collecting funds to support causes.

A subset of projects did not clearly fit into this typology, and is referred to as “Others”. This variable comprises all the projects allowed by the crowdfunding platforms that are not represented in the types of projects stated above. Mainly this variable contains projects related with leisure, education, animals, fashion and culinary.

Table 4: Distribution of Project types⁸

Variable	N	% of total
Creative	166	49%
Science	75	22%
Consumer Products	96	29%
TMT	91	27%
Causes	136	41%
Others	66	20%

*N = 336, only “alive” platforms were considered

* Crowdfunding platforms can allow more than one kind of project types.

This analysis shows that the most common type of projects is *Creative*, being this type allowed in 166 platforms out of a total of 336. Additionally, another relevant project type is *Causes* present in 41% of the total sample. Finally the least representative types are Science and Others, only present in 22% and 20% of the platforms respectively.

REWARDS

In the beginning, crowdfunding was mostly oriented towards non-profit goals. Funders supported the projects by simply donating their money, without expecting any type of monetary return⁹. However, as crowdfunding’s popularity increased mainly after 2008, individuals and businesses started to look at crowdfunding as a new and viable way of funding their monetary needs. Consequently, crowdfunding started shifting towards profit-oriented goals and as a result, funders started expecting monetary rewards to compensate for their support to the projects.

⁸ Appendix 4 – Examples of Project types

⁹ Appendix 5 – Profit vs Non-profit Crowdfunding

After the analysis of the crowdfunding scenario we were able to identify four different types of funder's rewards: *Prizes*, *Equity*, *Interests* and *Revenue sharing*.

a) Prizes¹⁰

The crowdfunding platform allows for their project owners to give prizes to their funders in order to compensate them for their support. This is the least complex type of reward; prizes can go from a simple thank you note on a website, to offering the final output of the project in first-hand. As an example we have the “Pebble Watch”, one of the most successful crowdfunding projects of all time. In this case, the funders who gave the biggest amount of money to support this project had the possibility to receive this watch before it was even launched in the market.

b) Equity¹¹

The crowdfunding platform allows for their project owners to reward the funders of their projects with equity. In this case, investors are rewarded with a portion of the final output of the project, which might be a fraction of a company or a product, only in the case of the project being successful.

c) Interests¹²

The crowdfunding platform allows for their project owners to pay interests to their funders in order to compensate them for their support. Usually, projects which use interests as rewards follow the scheme of a regular loan. Funders loan their money to the project owner, who then pays their money back adding the additional value of the interest, which may vary in accordance with inflation rates and the pre-defined period for repayment.

d) Revenue Sharing¹³

The crowdfunding platform allows for their project owners to share revenues with their funders in order to reward them for their support. In this case, funders are

¹⁰ Appendix 6 – Rewards: Prizes - Example

¹¹ Appendix 7- Rewards: Equity - Example

¹² Appendix 8- Rewards: Interests - Example

¹³ Appendix 9- Rewards: Revenue Sharing - Example

rewarded with a percentage of the resulting profits of the project. For example, in a project which aims to raise funds to launch a new line of clothing, funders are rewarded with a percentage of the profits resulting from the sale of the clothes.

Table 5: Distribution of Reward types

Variable	N	% of total
Prizes	149	44%
Equity	33	10%
Interests	46	14%
Revenue Sharing	22	7%

*N = 336, only “alive” platforms were considered

* Crowdfunding platforms can allow more than one type of reward scheme or not allow any type of reward at all.

From the analysis of the **Table 5** we can see that the most common type of reward is Prizes, representing 44% of the total sample. As we stated before, this might be due to the fact that this is one of the least complex types of rewards and therefore the one that is more easily used. On the other hand the least common type of reward is revenue sharing only possible in 22 out of 336 platforms. This might be due to the fact that this type of reward is highly dependent on the success level of the project, therefore incorporating a higher level of risk, which as a result is not so easily attractive to seekers and funders.

4.2) Data Analysis

For the purpose of this study, we looked at 450 platforms, mainly through direct observation of the platforms. The first chapter of this study was closed by the beginning of September, when the data collection and treatment was concluded and the database was finally built. After that, all the insights gathered from the dataset were obtained through the use of the statistical program STATA 12.

It is important to notice that these platforms allow for more than one type of project owners, intent and types, as well as, more than one type of reward. A total of 390 single-reward type crowdfunding platforms were considered for this study. Inactive

platforms were excluded. Therefore, a final set of 336 platforms are the subject of analysis in this study.

All the variables used in this study are dummy variables and for the purpose of the analysis they will follow the nomenclature described below:

Group	Variables	Naming
Project Owners	Individual	<i>Indv</i>
	Start-up	<i>Start</i>
	Established company	<i>Estco</i>
	NGO	<i>Ngo</i>
Project Intent	Product/service	<i>lprodserv</i>
	New firm Creation	<i>inewfirm</i>
	Cause	<i>icause</i>
Project type	Science	<i>Science</i>
	Consumer product	<i>Products</i>
	TMT	<i>Tmt</i>
	Causes	<i>Causes</i>
	Others	<i>Others</i>
	Creative	<i>Creative</i>
Rewards	Prizes	<i>Prizes</i>
	Equity	<i>Equity</i>
	Interests	<i>Interests</i>
	Revenue	<i>Revenue</i>

*Table 6– Variables Nomenclature

V. RESULTS

In this section we discuss the results of the analysis linking crowdfunding projects to reward mechanisms. After this section, the reader should be able to comprehend the link between the nature of the projects and their rewards and how they relate to each other.

5.1 Projects and Rewards

At this stage we will present our findings regarding the relation between the variables related with crowdfunding projects (*project owners, project intent and project types*) and rewards schemes (*prizes, equity, interests and revenue sharing*)

5.1.1 Project Owners and Rewards

On this section the relation between project owners and their reward schemes will be reviewed in detail.

In order to perform this analysis the correlation between *Project Owners* and *Reward Types* was used to obtain the following results:

Table 7 – Correlation between Project Owners and Reward types

	Individual	Start-up	Est. Company	NGO
Prizes	0,2583*	0,0608	-0.0014	0.0045
Equity	-0.3370*	0.3188*	0.0492	-0.1913*
Interests	-0,0197	0.1493*	0.0725	-0.1904*
Revenue S.	-0.0829	0.0171	0.0579	-0.1434*
N.º Observations	324	324	324	324

* Confidence level of 95%

From the analysis of **Table 7** it can be concluded that platforms with project owners *individuals* also offer *prizes* as reward mechanisms (positive correlation of 0.26). This can be explained by the fact that *prizes* are the least complex reward schemes present in crowdfunding platforms and the ones which offer the lowest risk. As it was mentioned previously, prizes can be rewards as simple as thank you notes or merchandising, so they can be very attractive to individuals who are first experiencing

the world of crowdfunding. On the other hand we can see that there is a negative correlation between *equity* and project owner individuals. *Equity* implies a more complex relation between seekers and funders to the point of involving a set of legal requirements, making it a type of reward mechanism not favored by individuals, thus it is reasonable that these two variables do not appear in the same platforms.

Conversely, we can see that platforms with project owner *start-ups* also present reward schemes such as *equity* and *interest* (positive correlation of 0.3 and 0.15 respectively). This could somehow be expected because these are also reward schemes offered by *start-ups* in other funding schemes such as venture capitalism or business angels associations.

Regarding *established companies* it was not possible to make any conclusions in terms of the reward schemes offered in their projects. We can make the assumption that the reward mechanisms used might be similar to the ones offered by *start-ups*, so platforms with project owner established companies might have as well rewards such *equity* and *interests* but from our analysis nothing was statistical conclusive..

Finally we have *NGO's*, and as it was expected, it can be seen that there is a negative correlation with 3 out of the 4 types of rewards. This is due to the fact that NGO's do not offer any kind of rewards to their funders, since they work on the basis of donations. Thus platforms with project owners NGO's do not present any kind of reward mechanisms, but this case in particular will be analyzed further in this section.

The following table synthesizes this section:

	Individual	Start-up	Est. Company	NGO
Prizes	+	●	●	●
Equity	---	++	●	-
Interests	●	+	●	-
Revenue S.	●	●	●	-

+++ Positive correlation $x \geq 0.6$; ++ Positive correlation $0.3 < x < 0.6$; + Positive correlation $x \leq 0.3$

--- Negative correlation $x \geq 0.6$; -- Negative correlation $0.3 < x < 0.6$; - Negative correlation $x \leq 0.3$

● Not statistically significant

5.1.2 Project Intent and Rewards

The final intent of the projects can have a significant impact on the rewards offered to the funders. If the intent is to set-up a start-up, it is highly likely that equity will be a desirable reward, whilst if the aim is the launch of a new product, the product it-self will be a likely reward. The table below presents how these relations play out in crowdfunding platforms:

Table 8 – Correlation between Project intent and Reward types

	Prod/Serv	New Firm	Cause
Prizes	0,5619*	0,0631	-0.1149*
Equity	-0.0682	0.3028*	-0.2793*
Interests	-0,1129*	0.3686*	-0.1463*
Revenue S.	-0.1249*	-0,0375	-0,2048*
N.º Observations	324	324	324

* Confidence level of 95%

As demonstrated above it can be seen that platforms with projects which have the intent of launching a *new product or service*, offer *prizes* to their funders as rewards (positive correlation of 0.5619). This can be explained by the fact that the *product/service* being created is many times on itself the final reward. Moreover, this relation leads us to question if there is any relationship between *Product/service* intent and *individuals*, since both of them are present in platforms that favor prizes as rewards; and as we could see from our analysis there is also a positive correlation (0.4302) between these two variables. The conclusion that can be drawn is that platforms with project owner *individuals* have projects with the intent of creating a *new product or service* and they commonly offer *prizes* as rewards to their funders. Finally, when it comes to other types of rewards we can see that *interests* and *revenue sharing* are not commonly present in platforms that have this kind of project intent.

On the other hand, platforms with the project intent *New Firm* have often present rewards such as *equity* and *interest*, as we can see from **table 8** there is a positive correlation between them (0.3028 and 0.3686 respectively). This once again might be due to the fact that this kind of projects aim to launch a company and not just a

product/service, thus it is possible for their owners to offer more attractive types of rewards to their most relevant funders, such as a fraction of their company or a percentage of their future revenues.

At last, platforms with project intent *Cause* are negatively correlated with all reward mechanisms. Once again, this can be explained by the fact that this category of projects is most of the times funded through donations, the funders donate their money to the cause without expecting any monetary rewards in return, but as in the case of NGO's this particular project category will be discussed further on this chapter. The following table summarizes the relation between project intent and rewards:

	Prod/Serv	New Firm	Cause
Prizes	++	●	-
Equity	●	++	-
Interests	-	++	-
Revenue S.	-	●	-

+++ Positive correlation $x \geq 0.6$; ++ Positive correlation $0.3 < x < 0.6$; + Positive correlation $x \leq 0.3$
 --- Negative correlation $x \geq 0.6$; -- Negative correlation $0.3 < x < 0.6$; - Negative correlation $x \leq 0.3$
 ● Not statistically significant

5.1.3 Project types and Rewards

The final section of this chapter is centered on the relation of the nature of the projects (*project types*) with the types of rewards that are commonly associated with them. In order to perform this analysis the correlation between *Project types* and *Rewards* was used to obtain the following results:

Table 9 – Correlation between Project types and Reward types

	Prizes	Equity	Interests	Revenue S.	N.º Obs.
Creative	0,5515*	0,0020	-0.2206*	0.0672	324
Science	-0,0199	0,1895*	0,0366	-0,1045	324
Products	0,1045	0,3127*	0,1759*	-0,0438	324
TMT	0.0616	0,2566*	0,0897	-0.0375	324
Causes	-0,2218*	-0.0479	0.0060	-0.0770	324
Others	-0.1594*	0.0408	0.1108*	-0.0922	324

* Confidence level of 95%

Platforms with *Creative* projects commonly have *prizes* as rewards to their funders. As an example, if the project is raising money to launch a new music album it is often expected that the reward in this case would be the music album itself. Moreover, since most of the times platforms with *creative* projects have *individuals* as project owners (positive correlation of 0.2783) it is comprehensible that rewards such as interests are not common (negative correlation of -0.2206).

The second project type is *Science*, platforms with this type of projects commonly offer *equity* as a reward. This result can be explained by the fact that Science projects are usually aimed at raising money to support a new scientific development, which then may lead to the creation of a new firm (for example pharmaceutical industry). In order to justify this assumption, we decided to look for the relation between the variables Project intent New firm and Project Type Science and we found out that there is positive correlation of 0.3527 between them. As a result, it makes sense that platforms with projects related to science offer as well *equity* as a reward.

Additionally, platforms with Project type *Products* are associated with rewards such as *equity* and *interests* (**Table 9**). These positive correlations can be explained by the fact that project type *products* is related with the creation and development of consumer goods, which often leads to the creation of a new firm being the owners in this case start-ups. Once again, to prove this assumption we analyzed the correlation between these variables and we found out that there is a positive correlation (0.5850) between platforms with Project type *Products* and platforms with Project intent *New firm*. So it makes sense that rewards such as *equity* and *interests* are frequent in these platforms because they are also common in the platforms where projects have the intent to create a new firm.

Following, we have project type TMT (Technology, Media and Telecom). Platforms with this particular type of projects are associated with rewards such as equity (positive correlation of 0.2566). Once again, the explanation for this particular case relies on the fact that platforms with this type of projects usually have campaigns with the intent of creating a new firm (positive correlation of 0.4622), which is a variable that is also associated with *equity* as a reward mechanism.

Regarding project type *Others*, from **Table 9** we can see that there is a positive correlation between platforms with this project type and platforms with *interests as a reward* mechanism. The reason behind this is related with the nature of this type of projects.

The variable *Others* includes projects that would not fit in any of the other five categories, thus this variable includes projects related with education, fashion, animals and so on.¹⁹ After further exploration, we realized that the majority of projects included in this project type are related with individuals asking for personal loans, as an example, there are a lot of projects made by students asking for student loans in order to pay for their studies. Therefore, it is comprehensible that *interests* are common rewards for platforms with this project type and moreover this also explains why there is a negative correlation with platforms that offer rewards such as *prizes*.

Finally, we are going to focus on the project type *Causes*. As explained before, this is a very particular type of project. This project type is often funded through donations; as a result backers do not expect any type of monetary reward for their funding, which then explains why there is no positive correlation with any of the reward types.

Once again, the following table synthesizes this section:

	Prizes	Equity	Interests	Revenue S.
Creative	+++	●	–	●
Science	●	+	●	●
Products	●	+	+	●
TMT	●	+	●	●
Causes	–	●	●	●
Others	–	●	+	●

+++ Positive correlation $x \geq 0.6$; ++ Positive correlation $0.3 < x < 0.6$; + Positive correlation $x \leq 0.3$
 --- Negative correlation $x \geq 0.6$; -- Negative correlation $0.3 < x < 0.6$; - Negative correlation $x \leq 0.3$
 ● Not statistically significant

¹⁹ Appendix 10 – Coding variable Project Type Others

5.1.4 The particular case of NGO's and Causes

Throughout this study we have been focusing on the relation between projects and its rewards. But so far, we have not been giving proper attention to the final goal of the projects, do they intend to make or profit or not?

Not all crowdfunding projects intend to make profit, a significant amount of them are focused on non-profit goals, like trying to raise money to support a cause. According to our data in 2012, 59% of crowdfunding projects were for-profit and 41% for non-profit²⁰.

Because non-profit projects were responsible for the emergence of crowdfunding we decided to include them in this study, although, as demonstrated before, this type of projects does not result in any type of rewards. This is due to the fact that these projects are supported through donations, which means that baker's intention is only to give money to support a cause; they are not expecting any kind of financial return for their investment.

According to our data, we were able to find arguments to support this assumption:

Table 10 – Correlation between Project variables and non-profit crowdfunding

	NGO'S	icause	Causes	Non- profit	Donation
NGO'S	1	-	-	-	-
icause	0.5995*	1	-	-	-
Causes	0,3922*	0,5365*	1	-	-
Non- profit	0.6262*	0,7899*	0,4943*	1	-
Donation	0,2727*	0.3859*	0.3060*	0.4578*	1

*Confidence level of 95%

From **Table 10** we were able to identify a positive correlation between platforms with Project owners *NGO's*, Project Intent *iCause* and Project type *Causes*. This means that platforms with project owner's *NGO's* commonly have non-profit projects and are usually funded through donations. The same analysis can be done for project intent

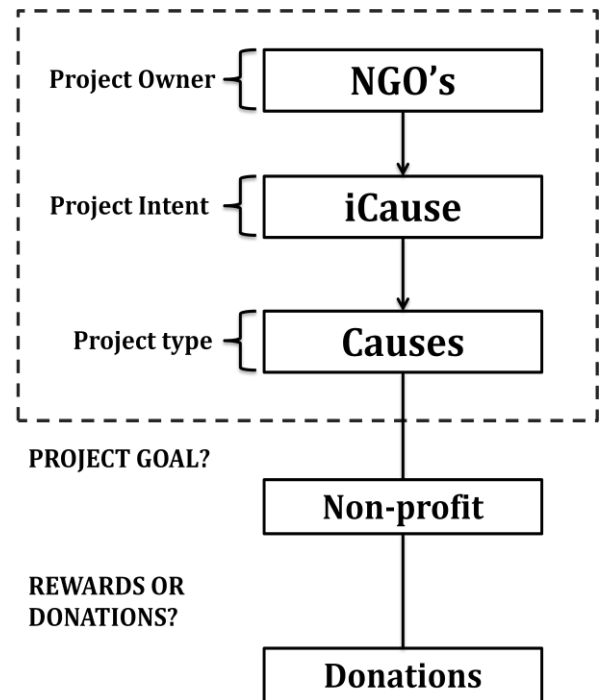
²⁰ Appendix 5 – Profit vs Non-profit Crowdfunding

iCause and Project type *Causes*, both of them are present in non-profit platforms, funded through donations.

Finally, we can represent this group by doing a simple scheme, which demonstrates how these variables are related.

By analyzing **Figure C** we can easily identify the relation between these variables.

Figure C – Variables relation scheme



VI. DISCUSSION & CONCLUSIONS

From the analysis shown previously it becomes very straightforward to infer that the type of project owner present in a crowdfunding platform impacts the reward mechanisms offered by it. As explained before, we can see that platforms with Project owners *Individuals* often offer *prizes* as rewards, disfavoring *equity* as a reward mechanism which supports the hypothesis H1.A. Regarding platforms with project owner *Start-ups*, we could identify that *Equity* and *Interests* are the most common rewards offered by this group, supporting the hypothesis H1.B. The findings also show that established companies are rare on crowdfunding platforms. Finally, the presence of NGO's on these platforms is not correlated with any kind of reward mechanisms offered on them, since as we have seen before, they are often present in platforms that do not offer reward mechanisms since they get their funding through donations. All these findings confirm what was hypothesized in H1.

As it happens with project owners, platforms with different projects types also favor certain reward mechanisms. Platforms where the project intent is to launch a new product or service, have *prizes* as the most common reward, *equity* and *interests* are

not usual. On the other hand, projects with the intent to create a new firm are often seen in platforms where *equity* and *interests* are the most common rewards.

Going further into the project types and their associated rewards we reached the following conclusions:

1. *Creative* Projects appear on the same platforms as *prizes* as rewards and usually are not associated with platforms that offer *interests*, supporting hypothesis H2.A. This is illustrated in *creative* projects because they usually offer as reward the final creative product itself.
2. *Science* Projects appear on the same platforms as *equity* as a reward mechanism.
3. *Products* Projects appear on the same platforms as *equity* and *interests* as rewards.
4. *TMT* Projects appear on the same platforms as *equity* as a reward mechanism.
5. *Others* Projects appear on the same platforms as *interests* as rewards and usually are not associated with platforms where there are *prizes as rewards*.

Finally, as it happened with platforms with project owners NGO's, platforms with project intent and project type causes usually do not offer any kind of rewards, as explained in section 5.1.4, these platforms favor non-profit projects, funded only through donations, thus no monetary reward is given to their supporters.

Lastly, these findings support the hypothesis H2, reinforcing that the nature of the projects present in the platforms result in different patterns of reward mechanisms for funders.

VII. LIMITATIONS AND FUTURE RESEARCH

Crowdfunding, as seen today, is still a recent topic in our society, there is still a lot to study and learn about it, the goal for this study was to help reduce this gap, by trying to add a little more knowledge to this new phenomenon.

Following, we are going to discuss the limitations and future results of this study; all of this is of deeply importance in order to rightfully comprehend all the conclusions inferred by this analysis.

The first limitation is of course the lack of information we have about crowdfunding, if I had more information to work upon it would have been easier for me to draw more solid conclusions.

The second and most impactful limitation is that since the study of the platforms was made by direct analysis of the platforms website, I was limited to the information that the platform decided to post online. Thus, when analyzing project owners and project types, it was only visible that the platform had or allowed such types, not how many different owners and how many projects of each type the platform had. This can of course impact in some way my results and my analysis would have been more solid if it was possible to know how many projects of each type there were in each platform.

Finally, hoping this study has already given a good first look on how projects and rewards are related; it would be interesting for further research to try to relate how projects types relate with platforms performance. More contributions could also be done by trying to relate rewards with different investor profiles or different investor motivations.

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XII. APPENDIXES

Appendix 1- Project: Let's Build a Goddam Tesla Museum (indiegogo)



Source: <http://www.indiegogo.com/projects/let-s-build-a-goddamn-tesla-museum--5>

(Accessed on 03/03/2013)

The project Let's Build a Goddam Tesla Museum was launched in Indiegogo (www.indiegogo.com) in August 2012. The goal was to raise \$850.000 to build a Museum to honor this great scientist.

The project owner was Matthew Inman, creator of the web cartoon *The Oatmeal*, he joined forces with The Tesla Science Center in order to achieve this dream.

Their goal was to raise enough money to buy a property known as Wardenclyffe, Tesla's final laboratory. If they were able to raise all that money, the state of New York would offer them the same amount, so buying the property listed at \$1.6M would be a possibility.

This campaign was one of Indiegogo's most successful projects, they were able to reach their goal after one week and by the end of the campaign they had a total of \$1.370.461 thanks to 33.253 backers.

On May 2nd of this year, the owners announced the purchase of the laboratory.

Appendix 2- Data Collection and Summary statistics

A) Data collection

In order to build the most accurate representation of the current crowdfunding reality, we started by identifying all the existent crowdfunding platforms in the world. The undergone research showed that the best reference from which to extract this information should be the directory of crowdfunding platforms provided by the crowdsourcing.org website²², which is known as the web's largest directory on the industry.

From a starting point of 450 platforms, it was soon evident that not all the listed platforms in the crowdsourcing.org directory were significant for our study. This is mainly because some of these platforms could not in fact be considered as crowdfunding platforms, and also because some of the platforms listed were on a waiting list to be launched, thus making it impossible to retrieve significant information about them. This resulted in the exclusion of a total 60 platforms from the initial universe, resulting in a final database with 390 platforms.

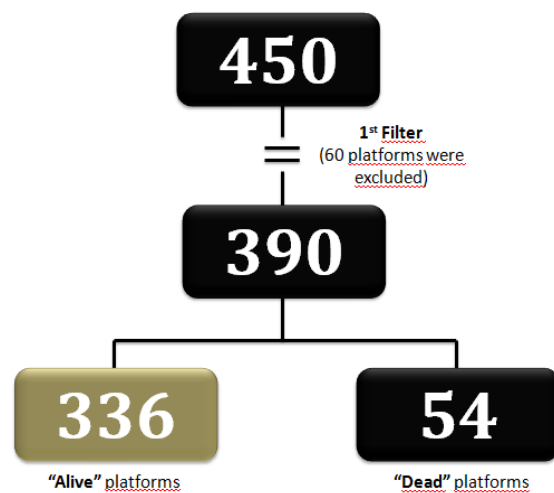


Figure D – Platforms Selection

Moreover, it did not make sense to include platforms that did not have any type of activity at the time of the analysis. These were classified as “dead” platforms (“p_status”=0), and they do not provide relevant insights to this study. For this reason, these platforms were removed, resulting in a final database of 336 “alive” (“p_status”=1) platforms. This final database is nonetheless deeply relevant for the purpose of this study, since it gathers 86% of all the platforms from the initial universe.

²² www.crowdfunding.org

The data discussed in this study was collected through direct observation of the websites of these crowdfunding platforms. Information regarding total money raised, number of users, number of funders, number of successful projects, number of project owners, was obtained by contacting the platforms directly via email or through the contact forms made available in the platforms' websites.

B) Summary Statistics

In order to provide an overall look of the crowdfunding reality, it is important to provide a general outlook of the evolution and diffusion of crowdfunding around the world.

Nº Platforms / Year

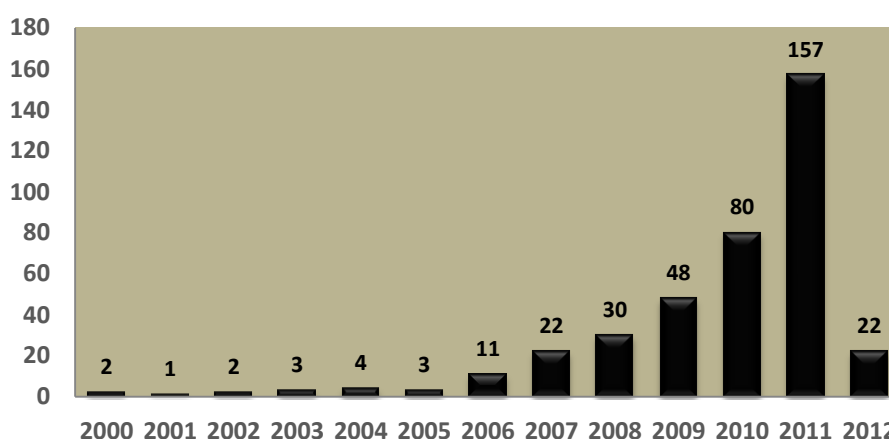


Table 11 – Number of new platforms per year

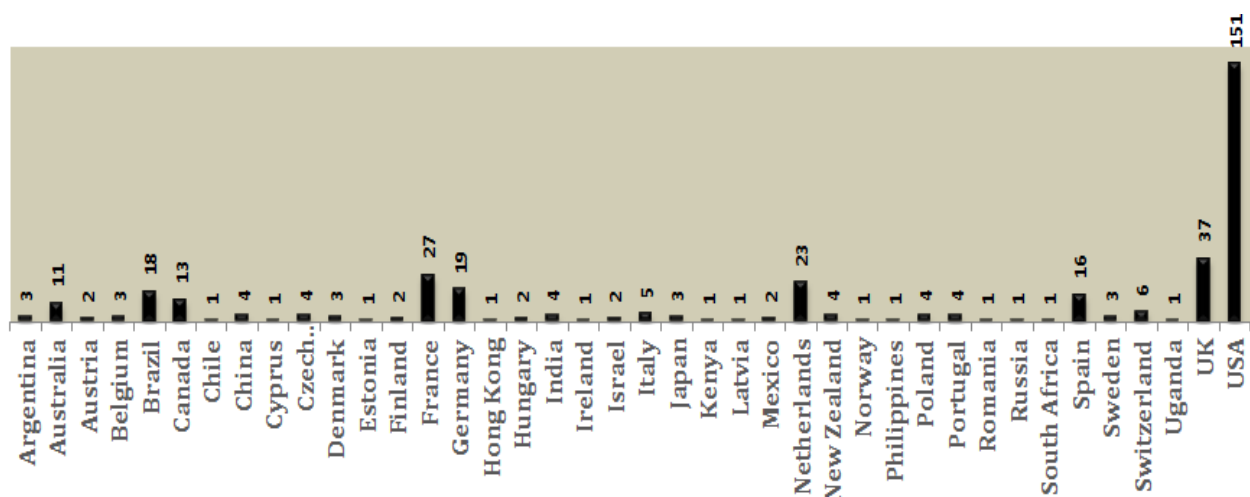
The first crowdfunding platform ever to be launched was ACCION²³ in 1961, a platform that aims to raise funds for social causes. This graph only represents the crowdfunding platforms created after 2000, since before that year only 5 platforms were created. The boom of crowdfunding started after 2007 and reached its climax in 2011 with 157 new platforms created on that year, an average of more than 13 new platforms being created every month. Finally, the year of 2012 is highlighted because it only represents the number of platforms created until May of that year.

²³ www.accion.org

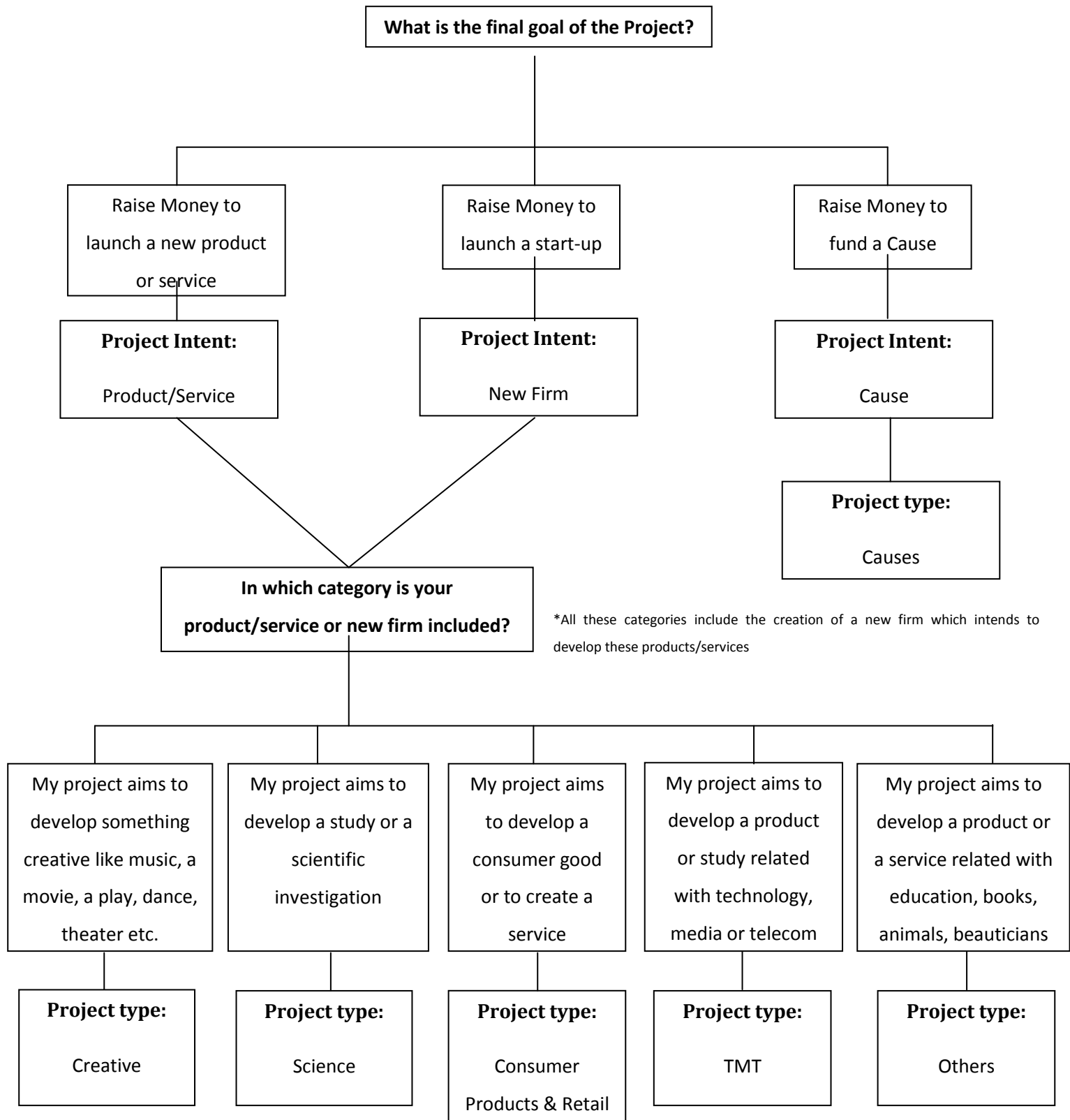
Table 12 shows that the majority of the crowdfunding platforms are located in the USA (151 platforms), representing a total of 38% of all the existent platforms. Moreover, USA was the country of birth of the first crowdfunding platform ACCION as was mentioned previously in this study.

The other countries worth noticing are the UK (37 platforms), France (27 platforms), Netherlands (23 platforms), Germany (19 platforms) and Spain (16 platforms), these along with other European countries represent a total of 167 platforms. Overall, the European continent represents 43% of all the existent platforms.

Table 12 – Distribution of platforms per country

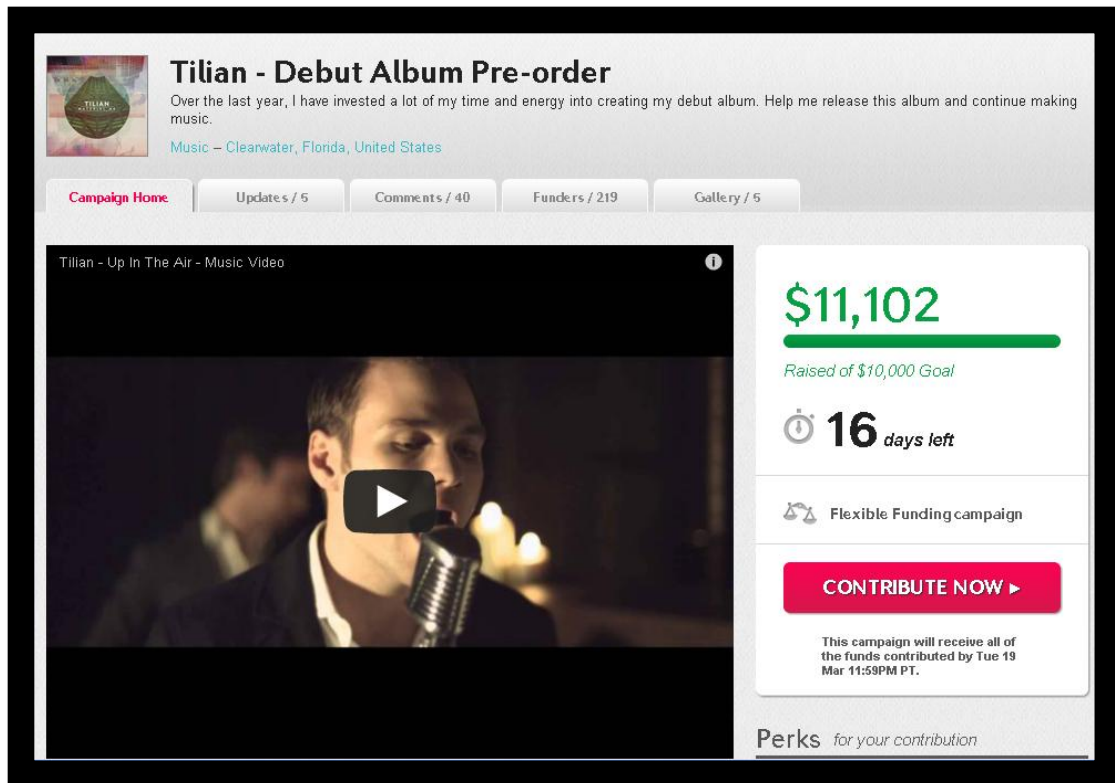


Appendix 3- Decision Tree Project Intent and type



Appendix 4- Project types: examples

1. Creative Project – example (Indiegogo)



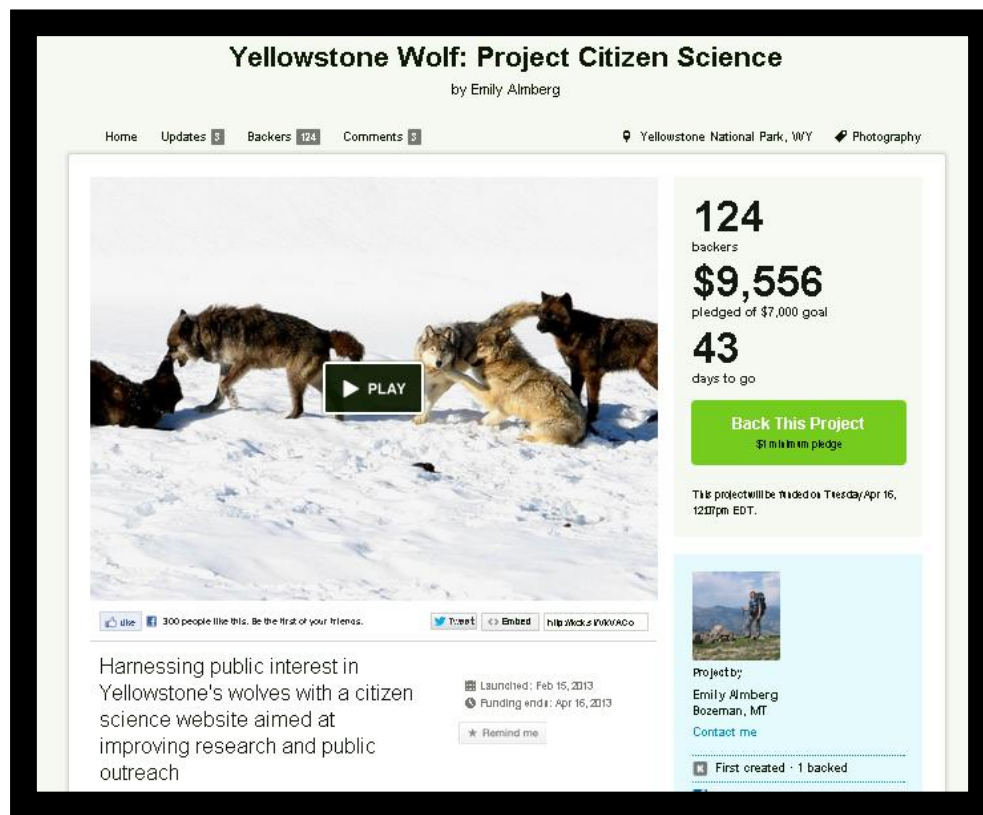
Source: <http://www.indiegogo.com/projects/tilian-debut-album-pre-order>

(Accessed on 20/03/2013)

Indiegogo is the largest global funding platform; it was launched in 2008 in the USA. The variable *Creative project* includes all the projects related with artistic and imaginative projects. This is why a campaign for the launch of a new CD Album is a good example of this category.

In this case this singer was able to surpass his goal of \$10.000 before the end of the campaign. This is a good representation of how crowdfunding can act as an alternative way of funding for people seeking investment for their ideas.

2. Science Project – example (kickstarter)



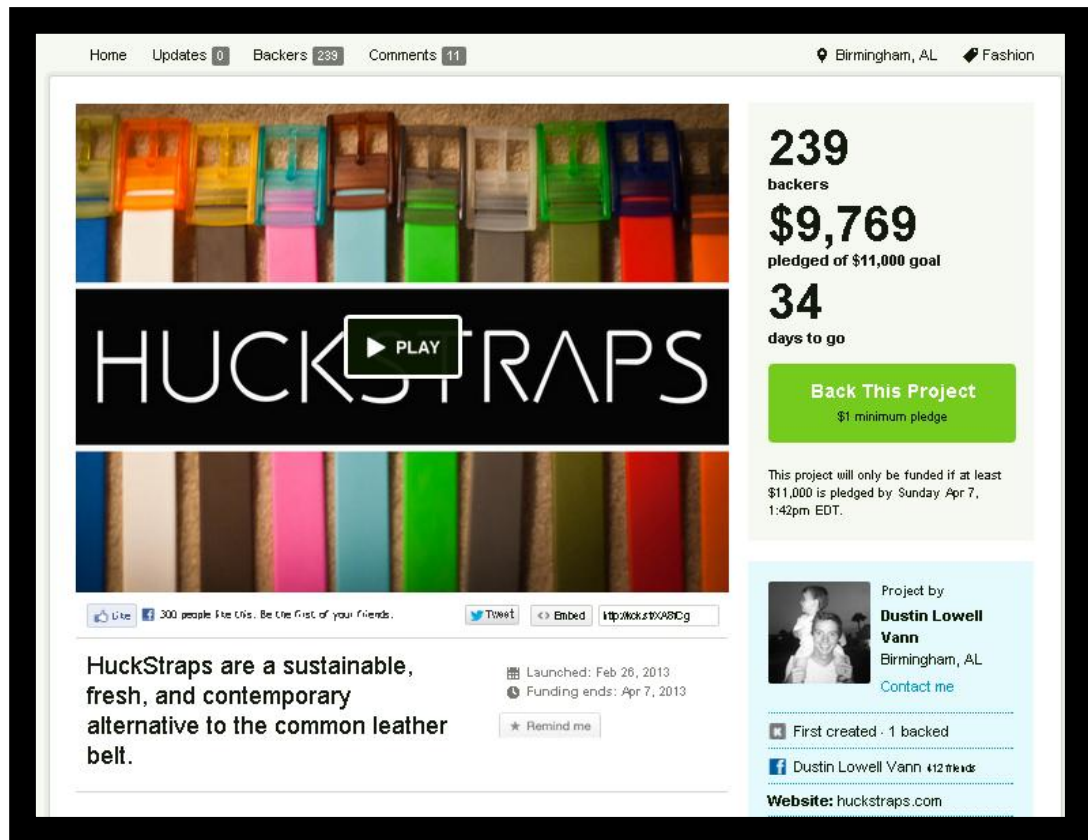
Source: <http://www.kickstarter.com/projects/504644378/yellowstone-wolf-project-citizen-science?ref=live>

(Accessed on 04/03/2013)

Kickstarter was launched in the USA in 2009. In June 2012 this platform had already raised \$150.000.000 to support its campaigns.

The campaign above was launched with the goal of raising \$7000 to pay for a citizen science website, to create awareness and support for the study of the Yellowstone's wolves. With still 43 days until the end of the campaign they were able to surpass their goal.

3. Consumer Products Project – example (kickstarter)

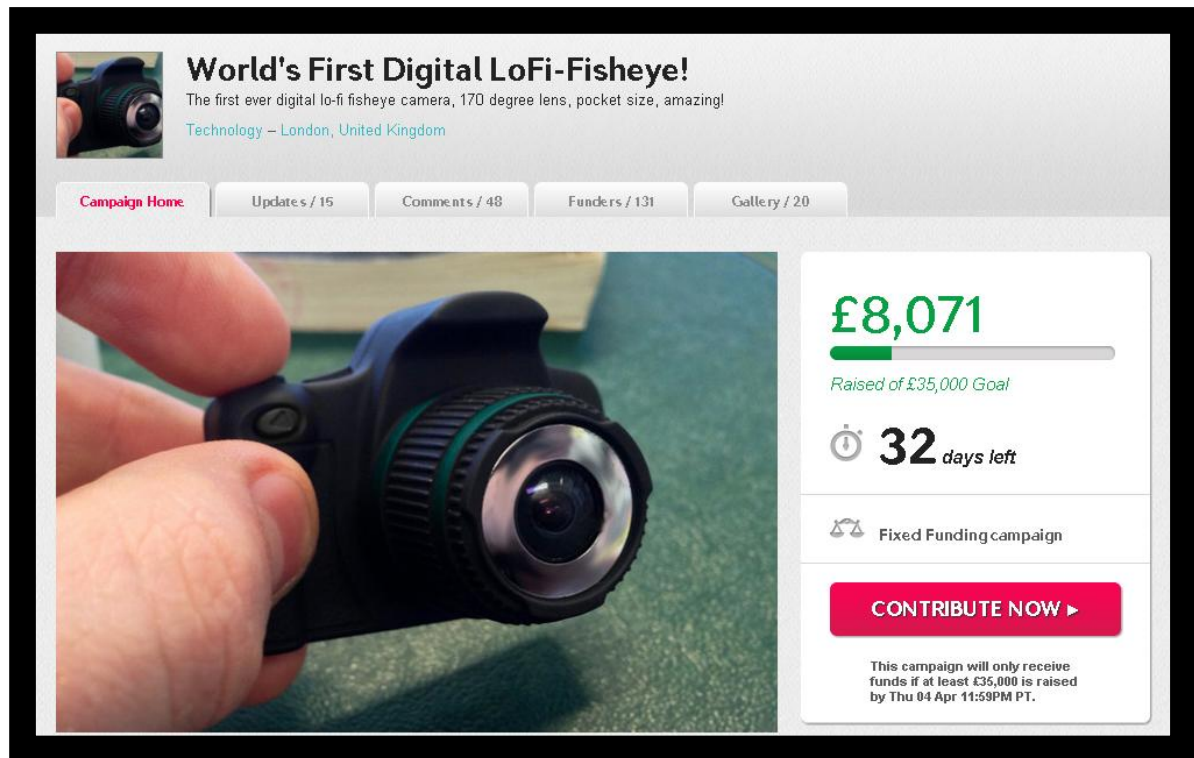


Source: <http://www.kickstarter.com/projects/dustinvann/rethink-your-belt-huckstraps?ref=category>

(Accessed on 03/03/2013)

This campaign was launched in February of 2013 on Kickstarter. Their goal was to offer an alternative to the common leather belt, a project which can be inserted in the category of project type – products, since it intends to create a new consumer good.

4. TMT Project – example (Indiegogo)

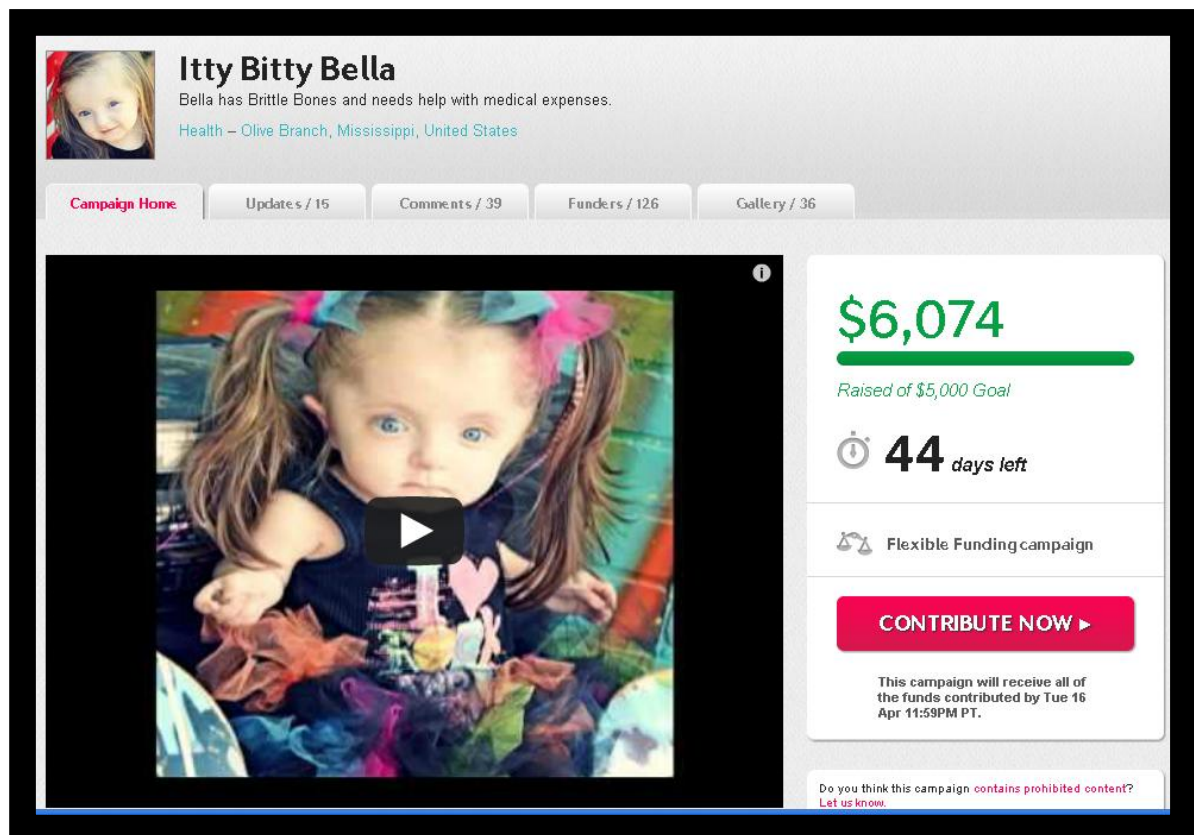


Source: <http://www.indiegogo.com/projects/world-s-first-digital-lofi-fisheye>

(Accessed on 03/03/2013)

This campaign to launch the first Digital LoFi-Fisheye is included in the category TMT (technology, media and telecom), since it intends to launch a new technological product. Greg, the campaign owner, never imagined that the camera that one day he decided to make from himself would have such a huge success and all thanks to the power of the crowd.

5. Causes Project – example (Indiegogo)

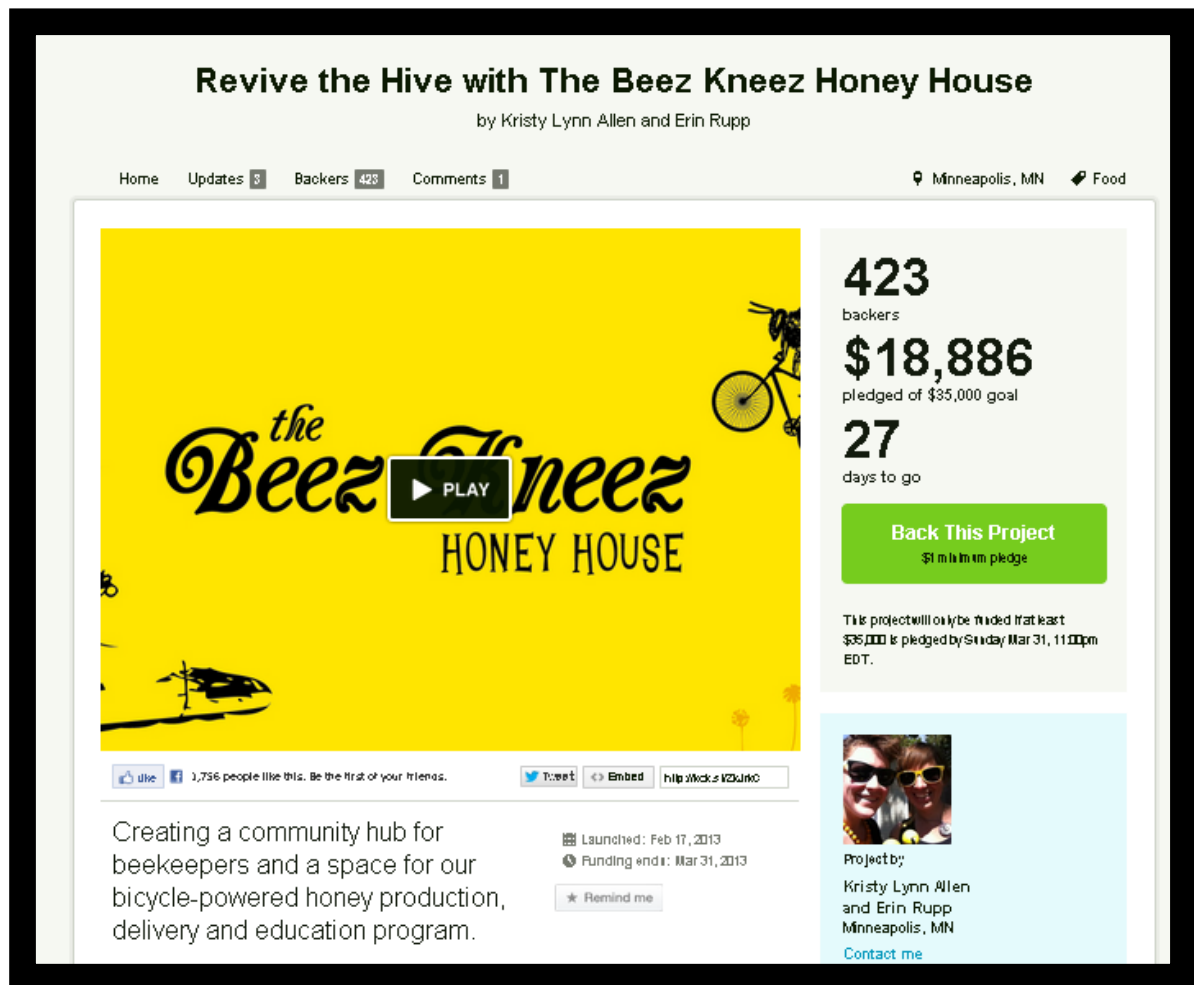


Source: <http://www.indiegogo.com/projects/itty-bitty-bella>

(Accessed on 03/03/2013)

This project was launched in Indiegogo early this year. This campaign told the world the story of Bella. She was born with a rare disease known as Osteogenesis Imperfecta, also known as brittle bone disease. The campaign launchers intended to raise money to be able to buy Bellas' medical treatment. The awareness created by this campaign allowed her parents Mindy and Bill to buy their daughter all the medical treatments she needed.

6. Others Project – example (Kickstarter)



Source: <http://www.kickstarter.com/projects/thebeezkneez/revive-the-hive-with-the-beez-kneez-honey-house?ref=popular>

(Accessed on 03/03/2013)

Launched on February 17th in Kickstarter, the aim of this project was to create a community hub for beekeepers with an educational apiaries program. This project is inserted in the category *Others*, because it did not meet the requirements to be included in any of the categories listed above.

Appendix 5 - Profit vs Non-profit Crowdfunding

	Variables	Analysis	2008	2009	2010	2011	2012
Funders Goal	Profit	frequency	11	39	95	190	205
		growth	0	255%	144%	100%	8%
		%Total/year	41%	60%	63%	58%	68%
		%Total/cml	41%	53%	58%	58%	59%
	Non-profit	frequency	16	35	68	137	144
		growth	0	119%	94%	101%	5%
		%Total/year	59%	40%	37%	42%	32%
		%Total/cml	59%	47%	42%	42%	41%

Until 2008 the majority of crowdfunding projects were oriented towards non-profit goals (59% vs 41%). However, since 2009 that trend was inverted and now the majority of crowdfunding projects are for profit. The values for 2012 are highlighted because they only contain information until May 2012.

Appendix 6 – Rewards: Prizes – example (Kickstarter)

The image displays two screenshots of Kickstarter reward tiers for a project named 'Pocket Tripod'. Each screenshot is a vertical card with a black border and a light green background.

Left Screenshot:

- Pledge \$20 or more**
- 133 backers**
- Description: Your very own POCKET TRIPOD in BLACK with a high quality glossy finish. // choose between either the iPhone 5 or iPhone 4/4S compatible models after the project is funded. // Will Retail at \$30.
- Estimated delivery: Jun 2014
- Add \$5 to ship outside the US

- Pledge \$20 or more**
- 35 backers**
- Description: Your very own POCKET TRIPOD in WHITE with a high quality glossy finish. // choose between either the iPhone 5 or iPhone 4/4S compatible models after the project is funded. // Will Retail at \$30.
- Estimated delivery: Jun 2014
- Add \$5 to ship outside the US

Right Screenshot:

- Pledge \$35 or more**
- 4 backers** **All gone!**
- Description: LIMITED EDITION POCKET TRIPOD, made just for our KickStarter backers, with the official GREEN & BLACK colours. // choose between either the iPhone 5 or iPhone 4/4S compatible models, after the project is funded. // Not available for retail.
- Estimated delivery: Jul 2014
- Add \$5 to ship outside the US

- Pledge \$45 or more**
- 4 backers** **Limited (96 of 100 left)**
- Description: POCKET TRIPOD & T-SHIRT bundle pack, which includes a BLACK Pocket Tripod and an awesome origami-design T-Shirt// Choose between the iPhone 5 or 4/4S compatible Pocket Tripod models and your T-Shirt's size and gender, after the project is funded.
- Estimated delivery: Nov 2013
- Add \$8 to ship outside the US

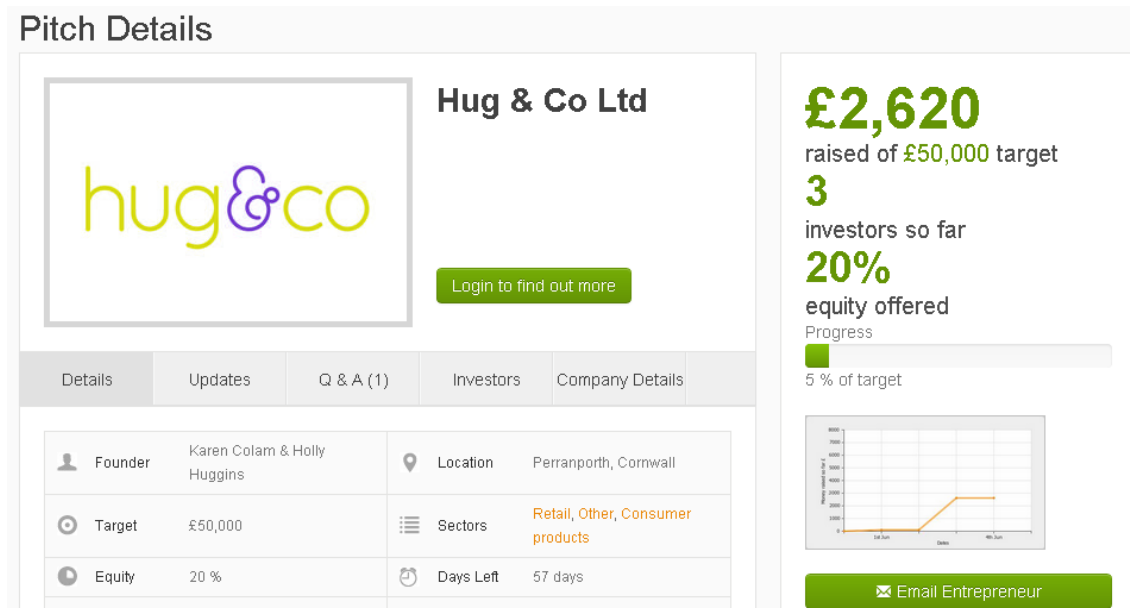
Source: http://www.kickstarter.com/projects/rambod-geometrical/pocket-tripod-360-wallet-sized-iphone-stand?ref=discover_pop

(Accessed on 20/01/2013)

Kickstarter is a US- based platform. This crowdfunding platform allows for very different project types (products, creative, TMT...) and follows a very strict model for rewards; it only offers prizes as rewards.

From the example listed above one can see that for each amount of funding there is a different prize associated, so the more you contribute to a campaign, the better your prize will be. These prizes can also be limited to a certain amount, in order to instigate call to action. The most common prizes are stamps, t-shirts, thank you notes and sometimes for bigger contributions the product itself.

Appendix 7 – Rewards: Equity – example (CrowdCube)



Source: <http://www.crowdcube.com/investment/hug-co-ltd-12633>

(Accessed on 20/01/2013)

CrowdCube was launched in the UK in 2009. This equity-based crowdfunding platform allows users to do two things: 1. Invest in business ideas, 2. Raise finances for their business.

Crowdcube connects seekers and investors, when someone posts a new campaign, investors can support it by buying shares of the company, with the advantage of not having to pay any investment fees.

Until June 2012, this crowdfunding platform was able to raise \$2.800.000 for their campaigns. This platform charges their seekers a fee of \$250 to post their projects, plus extra 5% if the project is successful.

Appendix 8 – Rewards: Interests – example (Comunitae)

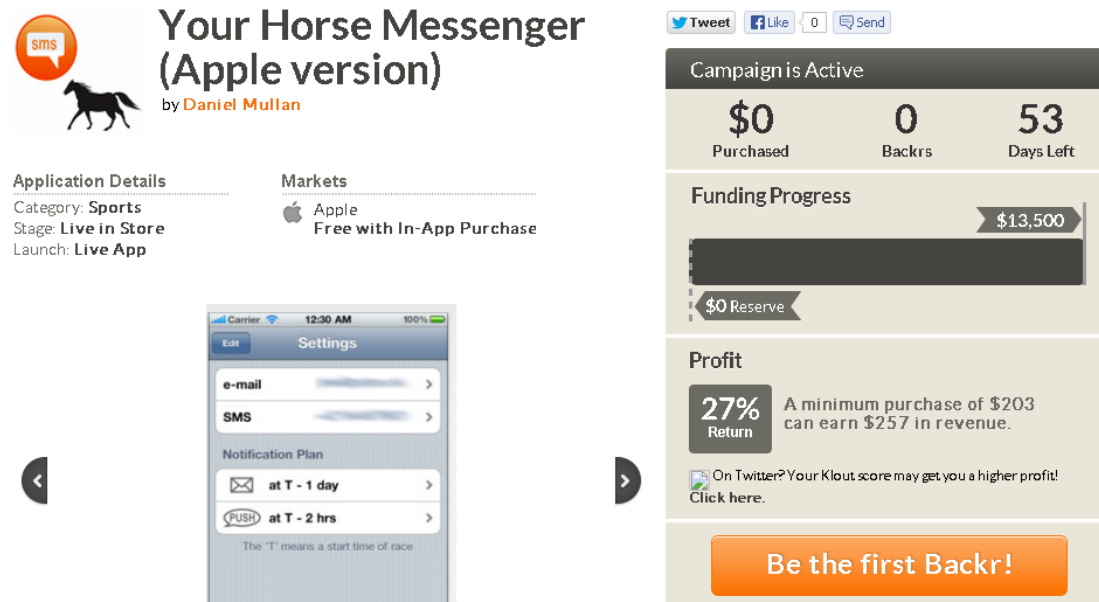
The screenshot shows the Comunitae website interface. At the top, the logo 'comunitae' is displayed with the tagline 'No somos un banco... ni falta que nos hace'. Navigation links include 'Participaciones en préstamos', 'Préstamos personales', and 'Ayuda'. A user login link 'acceso usuarios' is in the top right. Below the navigation, there's a section for 'Otros' with the ID 'K000362049' and a link 'Volver al listado de subastas'. The main content area features a large loan listing for 'A' with a 9% TAE interest rate, a 7,000€ loan amount, and a 48-month term. It shows that 82.86% of the loan is financed, with 101 bids. To the right of the listing, there are radio buttons for selecting investment amounts: 50 euros, 100 euros, 250 euros, 500 euros, and 1000 euros. A green button labeled 'prestar dinero ahora' is positioned below these options. Below the loan listing, there are tabs for 'Descripción', 'Participaciones', and 'Preguntas y respuestas (6)'. The 'Descripción' tab is active, showing 'Datos personales' for the borrower: 'Tiene 55 años y vive en Barcelona', 'Casado, 1 hijo', 'Diplomado', 'Trabaja por cuenta ajena', 'Funcionario con contrato fijo', and 'Lleva 31 años trabajando en la empresa actual'.

Source: <http://www.comunitae.com/mostrarDetalleSubasta.html?method=mostrarDetalleSubasta&idSubasta=71249>

(Accessed on 20/01/2013)

Comunitae was launched in Spain in 2009. Their goal is to serve as an intermediary matching seekers and lenders. They want to boost funding initiatives through the use of their online tools to reach lenders from all over the world. This P2P lending platform allows their seekers to define the time and interests they intend to pay to their lenders. This platform charges 9% to 14% of the total money asked by the seekers and also asks for a fee for funders' subscription.

Appendix 9 – Rewards: Revenue Sharing – example (appbackr)



Source: <http://www.appbackr.com/app/Your-Horse-Messenger--Apple-version->

(Accessed on 20/01/2013)

Appbackr was launched in 2010 in the U.S. This crowdfunding platform is strictly directed to mobile app developers. Seekers post the mock-ups of their app online and funders are able to buy shares of future revenues, which will come by the sale of the app.

When the app is successfully funded it is then posted on an app store. After that, the revenues that will come from the sale of the app will be distributed to the different funders.

Appendix 10 – Coding variable Project Type Others

Project Type - Others	CP has or allows projects related with education, leisure, fashion, culinary
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Appendix 11 – List of Platforms Analyzed

1 Dollar 1 Home, 1% Club, 100 Days, 10Beyond, 33 Needs, 4 Just 1, 40 Billion, 8-Bit Funding, A8muf Crowdfund, ACCION, ActBlue, AcumenFund, Adbacker, Advert Activist, Africa Unsigned, Akvo, Ammado, Angel Shares, App Backr, Apps Funder, Artha Platform, Artiste Connect, Artistshare, Artspire, ASSOB, Ativa Ai, Babeldoor, Babyloan, Bananacash, Bandtastic, Bank to the Future, Bankeez, BBVA Friends and Family, BEEEx, Benfeitoria, Better Place, Better World Network, Bloom VC, Boomerang, Busker Label, Buy Credit, Buzz Entrepreneur, Buzzbnk, Campfire, Cap Angel, Caring Bride, Carnet de Mode, Cashare, Catarse, Causes, CauseVox, Cauzoom, Changing the Present, Charity Factors, Chipin, Cine Crowd, Cinema Reloaded, Cinema Shares, Citizen Effect, Civic Sponsor, Civilised Money, CKIE, Cofolio, Cofundit, ComeçAki, Commonbox, Community Lend, Comproyecto, Comunitae, Couch Tycoon, Create Jobs for USA, Creative Selector, Crowd About Now, Crowd Cube, Crowd Culture, Crowd Mecca, Crowdbackers, CrowdBooks, Crowdfunder, Crowdfunding Facilities, Crowdrise, Crowdtilt, Deki, Demo Hour, DEVEXO, Donors Choose, Dream Bank, Dreamore, Early Shares, Education Generation, Ekjaa, Elveos, Embolacha, Emphas.is, Epic Change, Epic Step, Eppela, Eureka Fund, Everyday Hero, FABrique d'Artistes, Faithfunder, Fandyu, Feed The Muse, Field Theory, Film Funds, Finance Utile, First Giving, Fondeadora, Fondomat, Fondomat EU, Friendfund, Friends Clear, Frooble, Fund St. Louis, Fund Weaver, Fund:it, Funda Geek, Fundchange, Funded By Me, Funder Thunder, Funding 4 Learning, Funding Circle, Fundly, Fundraise, Fundrazr, Fundstarter, Geldvooreelklaar, Gesture Crowdfunding NZ, Give a Little, Give Corps, Give Forward, Givezooks, Givology, Go BIG Network, Go Fund Me, Go Get Funding, Go Give Social, Go Green Social, Good Return, Goteo, Greater Good, Greedy or Needy, Green Funder, Green Girl, Green Note, Green Unite, Grow VC, Helpedia, Helpers unite, Hope Mongers, Humanity Calls, I Grin, I make rotterdam, Ideacious, Ideame, Ikelmart, Impulso, Incentivador, Indie go go, Indulj, Ingressar, Injoinet, Inkubato, Innovestment, Interactor, Inuka, InVenture, Invest Fashion, Invested.In, Investiere, Investors Ally, Ioby, IOU Music, Ipledge, Ise Pankur, IWN Internship Fund, Jolkona, Just Giving, Justin Wilson Investor Club, Kachingle, Kapipal, Katipult, Kickstarter, Kifund, kisskissbankbank, Kiva, Kokos, Kopernik, Kreandu, Lainaaja, Lánzanos, Launcht, Lend With Care, Lending Club, LET'S, Libros, Loanio, Look at my Game, Loud Sauce, Lubbus, Lucky Ant, MakelTopen, Maneo, Mashup Finance, Massivemov, McKenson Invest, MeBlitz, MedGift, Media Funders, Mega Total, Mercy Corps, Mes Vignes, Micro Giving, Micro Graam, Micro Ventures, Microist, Microplace, Milaap, Mimoona, Mini Donations, Mobcaster, Mobile Movement, Move, Movies Angels, Movimiento 1 Euro, Mutuzz, My Azimia, My Major Company, My Micro Invest, My Projects (Cancer Research UK), My Sherpas, My Show Must Go On, My Witty Games, MYC4, Mycause, MyELEN, Myfootballclub, Namaste Direct, New Face Film, New Jelly, Nieuwspost, Nordstarter, Oocto, Open Genius Project, Opportunity International, Opportunity International Canada, Peerbackers, Peerform, People Capital, Peoplefund.it, Petridish, Philanthroper, PIFWORLD, Pirate My Film, Pixonauts, Plan Big, PleaseFund.Us , PledgeMe , PledgeMusic , Pledgie , Pling, Polak Potrafi, Porto24 , Poz.ycz, Pozible, PPDai , PPL, PRÊT D'UNION, Profounder, Project Powerup , Projectgeld, Prosper, Proyectanos , PUBSLUSH Press , Qifang, Queremos, Querk , Quero na Capa, Rally , Rang De , Rate Setter, Razoo , Rebirth Financial , Recoup , Respekt , Revenons à la musique , Revenue Trades , Ricebowlproject , Rippple, Rocket Hub, Rusini , Sandawe , SASIX, SaveTogether, Scholar Match , Schrijversmarkt , SciFlies , Seedmatch , SeedQuick, Seedrs, SeedUps, SeeYourImpact , Sellaband, Serial Liver , ShadeFund , Share a Gift , Share2Start , Sibite , SkyFunder , Slated , Small Change Fund, Smartnme, Smava , SocialWish, Socios Inversores , Sokap, Solar Mosaic, SoLoCo, Somesha, SoMoLend, SonicAngel, SOUP , Spacehive, Sponduly, Sponsorcraft, Sponsorgoal , Sponsume, Sponzu , Spot.us, spreadbudskabet, Sprigster, Springboard, Sprowd, Start Next, Start Some Good, Starteed, StartersFund, Startup Addict, StoryFunded , Symbid, Talentboek, TechMoola , TenPages , The (Iw) Movie Project , The Hoop Fund , The Modest Needs, The One Percent Foundation , The Open Source Science Project , The People of Godspell, The Point, The Wisdom of Others, ThrillCapital, TipTheWeb , Touscoprod, Trustbuddy, Tu Mecenass, Twask , Uend, UJIMAA, Ulule, Unbound, Unglue.it, United Prosperity, Vakinha, Veecus, Venture Bonsai, Verkami, Vision Bakery , Vittana, Volanda, Voordekunst, WacaWaca, We fund, We komen er wel, WealthForge, Wegetthere , Wemakeit, WeSayWePay, WildlifeDirect, WiSEED , Wishbox , Wokai , World Penny Jar, Yesideias, Yes-secure, YouCaring, Zafèn, Zidisha, Zimple Money, Zopa

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Appendix 10 - Coding variable Project Type Others

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